DOCUMENT RESUME

ED 151 783 CS 203 820

AUTHOR Lee, William E.
TITLE The Shaping of an American Empire: Negotiating the Interim Intelsat Agreements.
PUB DATE Aug 77
NOTE 65p.; Paper presented at the Annual Meeting of the Association for Education in Journalism (60th, Madison, Wisconsin, August 1977)

EDRS PRICE MF-$0.83 HC-$3.50 Plus Postage.
DESCRIPTORS Communications; *Communication Satellites; Cooperative Planning; Decision Making; Federal Government; *Foreign Countries; Government Role; *International Relations; *Policy Formation; Success Factors; *Telecommunication; United States History
IDENTIFIERS *Communications Satellite Corporation; *Interim Intelsat Agreements

ABSTRACT

The Communications Satellite Corporation (Comsat) was formed by the United States in 1962 to establish a global communications satellite system. This paper examines the relations between Comsat and the government agencies involved in shaping United States communications satellite policy during the negotiations for the Interim Intelsat Agreements. Following an explanation (with diagrams) of a conceptual framework for interdependence and coordination in decision making, the paper examines events of 1962 through 1964 relating to the establishment of Comsat; the development of negotiations between Comsat, the United States government, and representatives of European countries, the United Kingdom, and Canada; and the establishment of the Interim Intelsat Agreements. The paper shows how Comsat, which originally proposed an organizational model that would have given the United States government and foreign participants a limited role in management of the system, was forced to accept a multilateral organization with somewhat greater foreign and United States government involvement. It also shows how the cooperation that evolved between Comsat and government agencies led to the success of the Interim Intelsat Agreements. (GW)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED151783

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

The Shaping of An American Empire: Negotiating the Interim Intelsat Agreements

William E. Lee
University of Wisconsin-Madison

First Place, 1977 James Markham Paper Competition,
International Communication Division,
Association for Education in Journalism

Presented to the International Communication Division,
Association for Education in Journalism
Madison, Wisconsin
August 1977

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

William E. Lee

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) AND USERS OF THE ERIC SYSTEM."

The author gratefully acknowledges the assistance of William G. Carter, Special Assistant for Space Communications, Department of State, 1962-1964; Abram Chayes, Legal Advisor, Department of State, 1961-1964; and Richard Colino, Office of Satellite Communications, Federal Communications Commission, 1962-1964. Without their assistance, this paper would not have been possible.

C 52.13 820

On July 24, 1961, President Kennedy invited all "nations to participate in a communications satellite system, in the interest of world peace and closer brotherhood among peoples throughout the world."[1] At the same time, however, he called for private ownership of the U.S. portion of the system, which endowed the Communications Satellite Corporation (Comsat) with a commercial operating philosophy. An additional primary goal of the Kennedy Administration's space program was expeditious development of communications satellites;[2] the goal of a space first was set, to recoup American prestige badly damaged by Soviet space successes.[3] These themes--Comsat's commercial orientation and the Kennedy Administration's ambition to obtain a space first--are essential to an understanding of the Interim Intelsat negotiations.

The Communications Satellite Act of 1962 created a unique corporation, truly a product of "the new industrial state."[4] In addition to operating with a business philosophy, Comsat was to operate in conformity with government objectives in areas such as foreign policy, that often diverged from commercial objectives. Consequently, Comsat and government agencies often disagreed on the policy that would form and govern a global communications satellite system. Nevertheless, Comsat and government agencies also achieved a high degree of cooperation, without which the negotiations would have been prolonged, and global communication via satellite delayed.

The purpose of this study is to examine the relations between Comsat and the government agencies involved in shaping U.S. communication satellite policy during the negotiations for the Interim Intelsat Agreements.[5] Comsat was authorized to "plan, initiate, construct, own, manage and operate itself or in conjunction with foreign governments or business entities a commercial communications satellite system. . . ."[6] While the nature of foreign participation was specified, the extent was not. The central questions of this study are: 1) Did Comsat and the government agencies involved in shaping communication satellite policy differ on the nature and extent of foreign participation in the system? and 2) Did the positions change? If so, why?[7]

Conceptual Framework

In The New Industrial State, John Kenneth Galbraith argues that government and "corporate industry" have become increasingly interdependent.[8] This interdependence existed between the communication satellite industry and the U.S. government: technological development of the industry was funded largely by the government, and several government agencies assisted Comsat in negotiating the Interim Intelsat Agreements. As the complex interactions between Comsat and U.S. government agencies are presented in the course of this study, it is helpful to view them as workings of a larger system. David Easton's systems analysis theory of political processes[9] and Charles Lindblom's work on policy-making[10] provide a framework

for the United States policy-making process for the Interim Agreements.

Interdependence and coordination are key concepts in Lindblom's analysis of mutual adjustment. Interdependence among a set of decision makers is defined as follows:

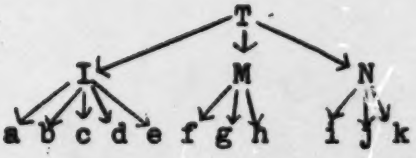
> Within the set, each decision maker is in such a relation to each other decision maker that, unless he deliberately avoids doing so (which may or may not be possible), he interfers with or contributes to the goal achievement of each other decision maker, either by direct impact or through a chain of effects that reach any given decision maker only through effects on others.[11]

Coordination is defined as follows:

> A set of interdependent decisions is coordinated if each decision is adapted to the others in such a way that for each adjusted decision, the adjustment is thought to be better than no adjustment in the eyes of at least one decision maker.[12]

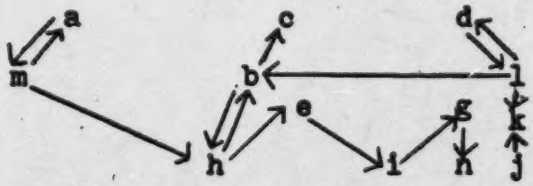
Two forms of interdependent, coordinated decision making are represented by Diagrams 1A and 1B.[13]

Diagram 1A



Centrally Regulated Complex Decision Making

Diagram 1B



Complex Decision Making Through Mutual Adjustment

1) Each letter indicates a decision maker.
2) x⟶y means y's decisions are adjusted to x's decisions.

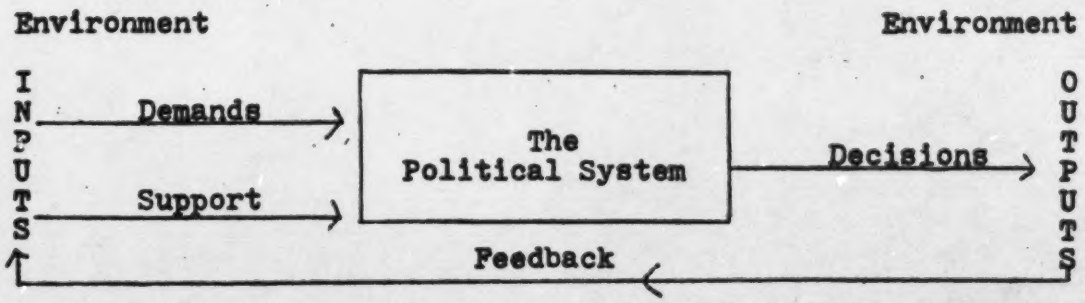
It is important to notice in Diagram 1B that not every decision maker is adjusted <u>directly</u> to every other decision maker. Mutual adjustment, as shown in Diagram 1B, is the type of

relationship that existed among Comsat and agencies involved in the formulation of policy during the negotiations for the Interim Agreements. As will be shown, these relationships comprise the core of the policy-making system. These relationships are incorporated in Diagram 3.

According to Easton, a political system is a set of interactions "abstracted from the totality of social behavior," through which valued things are "authoritatively allocated for a society."[14] Analysts of a system select components for study according to their significance in helping to understand the behavior of the system.[15]

A simplified flow model of a political system is presented in Diagram 2. In this model the authoritative allocation of values occurs when inputs are converted into outputs. The outputs return by means of the feedback link to influence new inputs.[16]

Diagram 2



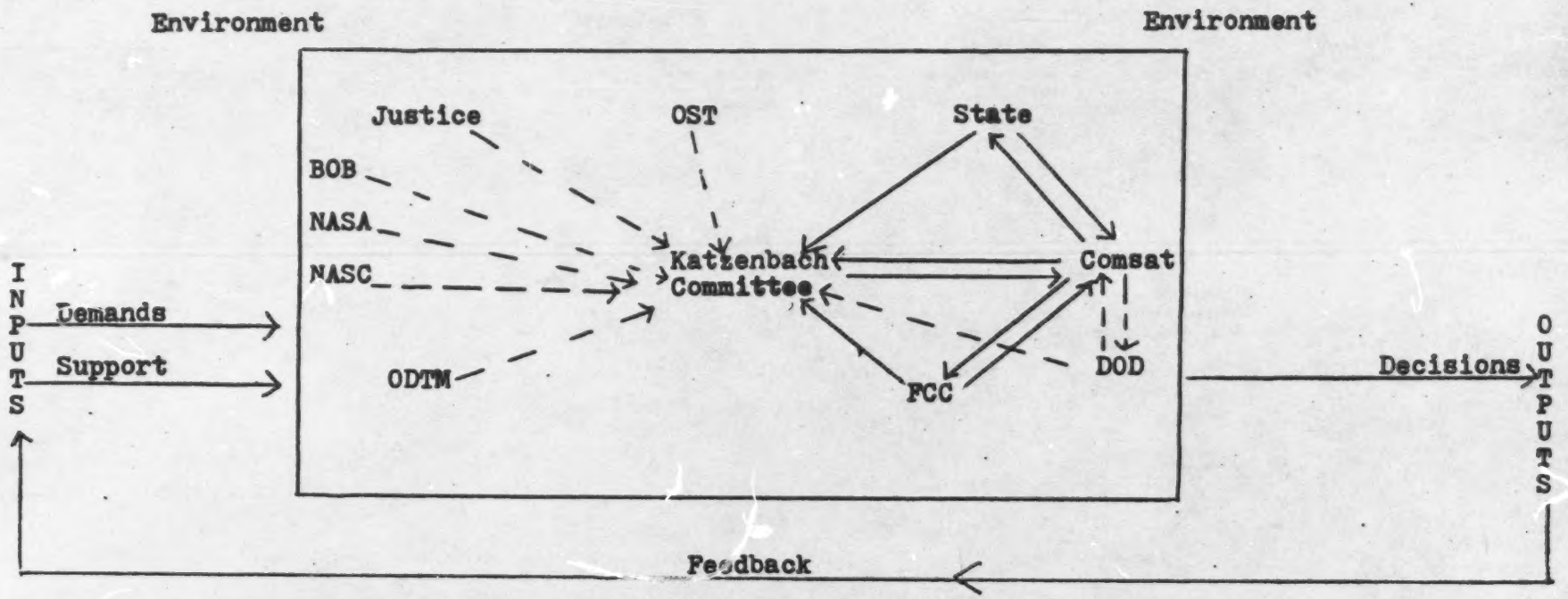
Inputs are the raw materials from which outputs are manufactured by the authoritative, decision-making groups, which comprise the core of the system. Inputs are key variables, and are of two types:[17] support and demands. Demands are expressions of

opinion "that an authoritative allocation of values with regard to a particular subject matter should or should not be made by those responsible for doing so."[18] Support is defined as follows: A supports B when A orients himself favorably to B.[19] Outputs are the authoritative allocations (decisions) resulting from interactions in the core of the system.

Diagram 3 presents an expansion of Diagram 2, with the core indicating the principal participants (and their relations to one another) in decisions concerning United States communication satellite policy during the negotiations of the Interim Agreements. In addition to coordination, the principal channels of influence, communication, and contact are shown. Of particular importance in this study are the subsystem linkages which convey "withinputs" to another participant and serve as feedback links. Though the general feedback link is presented outside the system, all of the internal links can also serve as feedback links. It is important to recognize that the outputs of one member of the core can serve as inputs of another member and that each member may have linkages to groups outside the core.[20]

Each participant shared the goal of expeditious establishment of the communication satellite system, yet each had specialized values that guided its selection of methods for implementing the system. Disagreement over policy arose as government agencies attempted to guide Comsat, while Comsat attempted to limit, in varying degrees, government input into its activities.

Diagram 3



Key:

Justice:	Department of Justice
BOB:	Bureau of the Budget
NASA:	National Aeronautics and Space Administration
NASC:	National Aeronautics and Space Council
OTDM:	Office of Director of Defense Telecommunication Management
OST:	Office of Science and Technology
Katzenbach Committee:	Ad Hoc Communications Satellite Group
State:	Department of State
Comsat:	Communications Satellite Corporation
DOD:	Department of Defense
FCC:	Federal Communications Commission
x ⟶ y	means y's decisions are adjusted to x's decisions
_____	primary participants
------	secondary participants

Legislative Background

A dominant theme in the legislative history of the Communications Satellite Act was a concern for preventing AT&T domination of Comsat.[21] To prevent AT&T domination, the FCC was given specific authority in the Act to insure "effective competition" in procurement, and nondiscriminatory access to the system, as well as authority to approve the corporation's credit agreements.[22]

In the international area, however, the State Department was given more limited responsibility. When negotiating with foreign entities, according to Section 402 of the Act, Comsat was to inform the State Department, "which would advise the corporation of relevant foreign policy considerations."[23] In addition, the Act specified that Comsat may request State Department assistance in negotiations.[24]

The disparity between the stated authority of the FCC and that of the State Department was due in part to the majority of Congress perceiving the satellite system as largely an American undertaking which would follow the pattern of existing cable agreements. Thus, domestic considerations, such as antitrust objectives, were given great attention by Congress, while international considerations were largely neglected.

Senator Robert Kerr, the powerful chairman of the Committee on Aeronautical and Space Sciences, played an important role in shaping this policy. His communication satellite bill (S.2650) provided that the international communication carriers

would own the American segment of the communication satellite system.[25] President Kennedy's bill (S.2814), on the other hand, provided that ownership of the American segment of the system would be split between the public and the international communication carriers. In addition, Comsat could not "enter into any negotiations with any international agency, foreign government, or entity, without prior notification to the Department of State, which will [emphasis added] conduct or supervise such negotiations."[26]

Kerr's committee held hearings on both S.2814 and S.2650 on February 27, 28 and March 1, 5, 6, and 7, 1962. After the hearings, Kerr and Nicholas Katzenbach, Deputy Attorney General, negotiated a "compromise" bill.[27] The ownership provisions of Kennedy's bill were retained, but Kerr was allowed to make certain amendments that did not alter the ownership structure.

One such amendment was to substantially decrease the role of the State Department in Comsat's negotiations with foreign entities. In favorably reporting the compromise bill, Kerr stated that his committee "recognized the essential role of the Department of State in matters affecting foreign policy" but felt Comsat's "business negotiations with foreign entities, as such, are not in that category."[28] Comsat should be "free to engage in such business negotiations, as has been the practice with respect to American communications carriers in the past."[29] Thus, the role of the State Department in negotiations was defined as permissable but not mandatory.

The amended bill was introduced in the House on April 2[30] and passed the House on May 3 by a vote of 354 to 9.[31] The bill was then referred to the Senate and brought to the floor on June 14. Senators Kefauver, Long, Gore, and Morse sharply attacked it, arguing for government ownership of the satellite system. On July 26, a motion was made to consider the communications satellite bill the pending business of the Senate. Senators Kefauver and Morse then led a filibuster on the motion. After four days of the filibuster, both Democratic and Republican leaders announced they would file a cloture petition to limit debate on the motion. Gore, Morse, and Long then reached the agreement that the bill would be referred to the Foreign Relations Committee (of which they were members) with instructions that it refer the bill back by August 10.[32]

William G. Carter, Special Assistant for Space Communications of State's Bureau of Economic Affairs, and Abram Chayes, Legal Advisor of the State Department, saw these hearings as an opportunity to redefine the role of the State Department in Comsat negotiations with foreign entities.[33] In a statement they prepared for Secretary of State Dean Rusk to deliver to the Foreign Relations Committee, they strongly made the point that Comsat could not set foreign policy.

At the hearings stress was placed upon the distinction between "technical business negotiations on the one hand, and basic foreign policy negotiations leading to executive agreements or treaties on the other."[34] The President, through Section 201 (a) (4), would exercise "supervision" over relationships

between Comsat and foreign entities "to assure that such relationships shall be consistent with the. . . foreign policy of the United States. . . ."[35] The State Department, because of its responsibility to the President for foreign policy, would have an important role in Comsat's negotiations.

The bill was returned to the floor of the Senate with Kerr's language for Section 402 intact. However, there was an understanding that through Section 201 (a) (4), the State Department would play an important role in the negotiations between Comsat and foreign entities. After the first successful vote on a cloture petition since 1927, the Senate passed the bill on August 17 by a vote of 66 to 11.[36] President Kennedy signed the Communications Satellite Act on August 31, 1962.

Trilateral Talks

Shortly after President Kennedy signed the Communications Satellite Act, the State Department received a joint note from Canada and the United Kingdom indicating that these countries had followed the passage of the Act closely and with great interest. The countries also requested trilateral talks about the procedure for implementing the communication satellite system.[37]

William G. Carter of the Bureau of Economic Affairs headed the preparations for these talks. Prior to the talks there was some feeling among government officials that the talks were premature because U.S. policy was rather broad and not very sharply defined. Carter felt it was important to demonstrate

that the United States was "outward-looking" in this area, and began preparing a position paper.[38] The procedure followed in the preparation of this paper is important because it foreshadowed the input of several government agencies into policy formation.

Carter contacted individuals in many government agencies, which cleared his position paper. The paper called for a single global system, with international participation in the ownership and management but not in a "one country--one vote" forum.[39] Carter states that at this point "people didn't know what to think about the policy. The only reason the paper got fully cleared was because there wasn't time to develop institutional wisdom."[40]

It was important, Carter states, "to get broad foreign policy concerns in the commercial system, and to keep U.S. foreign policy from being formed by the carriers through Comsat."[41] The chief goal in establishing the system was a space first. However, other goals were also important.

Important political gains for the United States might result from extensive foreign participation in ownership and management of the first multi-national organization for operational space activities. The widely claimed United States intention to share the benefits of its space program would be substantiated.[42] However, as a study prepared by the Rand Corporation concluded, foreign participation in the ownership and management of the system would have several important disadvantages:

1) "Foreign participation in the research and development phase could delay the effective iniation of the system long enough to permit the Soviet Union to gain another 'first' in space."[43]
2) "Foreign participation will affect the rapid negotiation of the basic agreements for the system. . . . Foreign participation will mean more issues to bargain about than if the foreigners stood merely in a supplier-user relationship to the Corporation."[44]
3) "Foreign participation in control of the system may have economic effects injurious to corporate interests. For example, foreigners who shared in the determination of channel leasing prices might push for prices so low as to reduce the return to the corporate shareholder. . . ."[45]

The Rand authors also made several recommendations for negotiations with foreign countries that would assure expeditious establishment of the system. Among these the most important were that only "key" countries would be included in the first agreement,[46] and that the voice of these countries in important decisions relating to research and development should be kept at a minimum.[47]

The former recommendation also emerged during the trilateral talks between the United States, Canada and the United Kingdom, held from October 27-29. Though the talks were conducted in a "broad brush" fashion, there was agreement among the participants that the core group of countries which could assure the system's economic viability would negotiate the first agreements.[48]

In the trilateral talks, Carter first noticed the uneasiness of telecommunication officials in having other participants, such as foreign ministry officials, "involved in their turf." There were two interest groups: the telecommunication officials and the foreign office officials. While officials of the

British Post Office, for example, were accustomed to dealing exclusively with AT&T, foreign office officials felt more comfortable dealing with those who were accustomed to the negotiation of treaties.[49]

Carter saw this atmosphere repeated when he visited Europe in November to brief members of the core group, which included France, West Germany, Italy, Switzerland, Belgium, the Netherlands, the United Kingdom and Sweden. In addition to elaborating on the Act, the briefings were designed to demonstrate that the United States and Great Britain were not working out their own agreement, and that the United States intended to move quickly in the development of the satellite system.

At these briefings Carter became aware of the significance some countries, such as France, placed on participating in the production of hardware for the system. In addition, he perceived the need for a two-document approach to any agreements made with foreign countries--one for telecommunications entities and another for governments. It was particularly evident that foreign offices would not approve the system without some form of governmental agreement. Finally, he observed that the Europeans recognized that they must negotiate as a bloc.[50] Due to the American monopoly on communication satellite technology, and Europe's lack of launch capability, the European countries individually had a weak bargaining position.[51] By negotiating as a bloc, they increased their negotiating power.

Formation of the Corporation

The authors of the Rand study on the satellite system recognized the inherent conflict in the Communications Satellite Act--that "the profit-making nature of the Corporation may lead to decisions different from those that would be taken were the Corporation directly subordinate to the State Department."[52] They recommended that Comsat establish close relationships with government agencies such as the State Department and the FCC to insure that foreign policy considerations, as well as corporate interests, would be protected. Comsat's incorporators, though, initially opposed the State Department's briefing of foreign countries.

Shortly after signing the Act, President Kennedy nominated twelve incorporators to serve as Comsat's initial board of directors.[53] Because the Senate did not confirm the nominations before the Eighty-Seventh Congress adjourned, President Kennedy issued recess appointments to the nominees on October 15, 1962 "so that the. . . establishment of the Communications Satellite Corporation could proceed without delay. . . ."[54]

The incorporators held their first meeting on October 22 and elected as chairman Philip L. Graham, publisher of the Washington Post. Since the incorporators had limited experience in international communications, representatives of international communications carriers and government agencies made presentations at several of the initial meetings.

As they explored their authority and responsibility, the incorporators quickly learned of the trilateral talks and

Carter's trip to Europe. In early December 1962, Graham wrote to Secretary of State Rusk expressing concern that the State Department was involved in activities that should be Comsat's.[55] Abram Chayes, Legal Advisor of the State Department, recalls that "the incorporators in general did not want State briefing anyone. They were opposed to Carter's advances to foreign countries, and while they recognized they needed State Department involvement when negotiating with foreign ministries, they did not want State to take the lead."[56]

The incorporators also expressed concern over FCC involvement in Comsat's affairs. After Comsat's articles of incorporation were filed on February 1, the incorporators applied for FCC authorization to enter into a line of credit agreement with ten banks for $5,000,000. The incorporators also wanted to borrow $500,000 under the terms of the agreement. The FCC approved the application on February 26 and ordered Comsat to provide the Commission with detailed monthly reports on "expenses incurred and payments made" with the borrowed funds.[57] Action on the initial stock issue by the incorporators was deferred until more information on the technical aspects of the system and the extent of foreign participation was available.

In July 1963 the FCC authorized Comsat to borrow an additional $600,000 under the line of credit agreement authorized earlier. The Commission specified, however, that $100,000 should be used to pay operating expenses, and no more than $500,000 for research and design contracts. At the same time, E. William Henry, chairman of the FCC, wrote to Leo Welch, the

new chairman of Comsat and former chairman of Standard Oil (New Jersey), expressing concern over "the indefiniteness of the corporation's future plans as they relate to the matter of financing and particularly with the initial offering of voting stock. . . ."[58]

Welch responded to Henry that any further directions from the FCC to Comsat as to how to spend the Corporation's funds

> would place the Commission in direct management of the Corporation's affairs. . . . I trust that the Commission will recognize that such an invasion of the managerial functions of the Corporation would make impossible the effective discharge of the responsibilities of those charged with the conduct of the Corporation's affairs.[59]

Throughout 1963, there was a "mutual sniffing out," as Carter calls it, between Comsat and government agencies.[60] Gradually, however, the roles of the participants became more defined and a team approach developed.[61]

Informal Negotiations

Comsat's incorporators chose an organizational model for the satellite system that was based on past experience of American international communication carriers--a series of bilateral agreements. This model fit their conception of communication satellites as a mere cable in the sky, and it enabled Comsat to get the "first feelings" on the economic viability of the system.[62]

In May and June of 1963, Welch and Dr. Joseph Charyk, Comsat's new president and former Under Secretary of the Air Force, visited Western Europe, meeting with telecommunications

officials to present a joint-venture proposal patterned after AT&T's bilateral cable agreements. As an alternative, they proposed that Comsat own and operate the entire system, and the Europeans merely lease channels.[63] In addition, the Comsat officials proposed that any negotiations be conducted between Comsat and the foreign telecommunications authorities, rather than at "the political level. . . ."[64] The latter proposal, which would call for a very limited role for the United States government, was based on Welch's basic assumption that the negotiations would entail ninety-five precent telecommunications issues and five percent foreign policy considerations.[65]

The Europeans expressed interest in participating in the satellite system but were noncommittal regarding the organizational structure proposed by Comsat. Then, they formed the European Conference on Satellite Communications (CETS) to study communications satellites, and this set the stage for more formal negotiations. CETS was a branch of the European Conference of Post and Telecommunications Administrations (CEPT).[66]

The State Department did not support Comsat's bilateral approach to the structure of the communications satellite organization, nor Comsat's proposition that the negotiations be conducted solely between telecommunications officials.[67] Based on his contact with foreign telecommunication and foreign office officials, Carter saw the necessity for multilateral agreements involving governments as well as telecommunications entities.[68] The State Department predicted to Comsat that the

bilateral, non-governmental approach would not be acceptable to the Europeans, but did not attempt to prevent Comsat from presenting this proposal to them .

The Kennedy Administration had a great deal at stake in the expeditious implementation of a successful communications satellite system. To assure interagency policy coordination, and that the positions taken by Comsat reflected the views of the United States government, President Kennedy established an Ad Hoc Communications Satellite group on June 5, 1963. The group's joint chairmen were Nicholas Katzenbach, Deputy Attorney General, and Jerome B. Wiesner, Director of the Office of Science and Technology. The group, composed of representatives of the Department of Defense, Department of State, National Aeronautics and Space Administration, National Aeronautics and Space Council, Office of Director of Telecommunications Management, FCC, and Bureau of the Budget, played an important role in scrutinizing Comsat's activities.

Comsat officials agreed to submit to the Katzenbach Committee (as the Ad Hoc group was called) a draft of the agreement it proposed to negotiate with the West Europeans.[69] On July 26 the Committee considered the Comsat draft, which contained the following provisions: 1) The system would be comprised of a single space segment (satellites and vehicle control and command facilities) and multiple communication terminal segments (ground facilities to send or receive message traffic to or from the satellite). Ownership of the space segment would be established through an agreement executed between

Comsat and the designated telecommunications entity of any country interested in participating. A country's ownership interest in the space segment would be based on the country's share of world telecommunications traffic.[70] 2) Comsat would manage and operate the space segment. This would include financial management, supervision of procurement, and "negotiations with applicants for participation in the System."[71]

A prime concern of the Katzenbach Committee, and especially of the State Department, after reviewing the draft, was the need for an intergovernmental agreement, in addition to the commercial transaction proposed by the Comsat draft. The Committee believed that the political implications of an international space venture were so important that European governments would probably want an agreement with the United States government in addition to the agreement between their telecommunications entities and Comsat.

Conspicuous in the Comsat draft was the absence of reference to Comsat as an instrumentality or representative of the United States. J. William Fulbright, chairman of the Senate Committee on Foreign Relations and an interested observer, wrote to Welch, "It seems that any foreign government or other entity discussing these principles would be given the impression that CSC [Comsat] was entirely independent of the United States Government."[72] Fulbright, whose committee had heard Rusk's testimony on the important role President Kennedy would have in foreign policy aspects of Comsat's affairs, suggested that the draft be "amended in some way to reflect the supervisory

interest and role of the United States Government."[73]

Comsat redrafted the statement of principles and submitted them to the Katzenbach Committee on September 23. The draft was divided into two parts, a statement of principles and an administrative supplement. The statement of principles required that Comsat do the following:

> Proceed with the development of the System.
>
> Initiate and enter into appropriate ownership, allocation, use and lease agreements for the establishment and operation of the System.
>
> Be responsible for the management, operation, maintenance and technical supervision of the Space Segment. . . .[74]

The administrative supplement provided that ownership of the Space Segment be established through an agreement executed between Comsat and the designated telecommunications entity of a country interested in participating. As in the first draft, ownership would be in proportion to the country's share of world telecommunications traffic.[75]

The redraft of the statement of principles contained no revisions along the lines suggested by Senator Fulbright or the Katzenbach Committee. Furthermore, Comsat's draft still provided for a series of bilateral agreements on a purely commercial level. Was Comsat deliberately attempting to minimize the involvement of the United States government in the system? Carter and Colino agree that Comsat was approaching the establishment of the system on the basis of previous telecommunications experience, in which the government played a minimal role and commercial concerns were predominant.[76] As shown above, Welch

believed most of the issues of the negotiations were telecommunications issues and did not involve the government. There is no question, Carter believes, that Comsat officials were seeking to minimize the role of the government.[77]

In October 1963, Comsat officials met with CETS representatives to discuss establishment of the communications satellite system. The Europeans realized that the United States technological monopoly would inevitably weight negotiations in favor of the United States if each country negotiated with Comsat bilaterally. Therefore, to strengthen its position, CETS announced that none of its members would negotiate with Comsat on a bilateral basis. Comsat would have to deal with the "key" European countries as a bloc. This development required a substantial change in Comsat's statement of principles.

Thus, Comsat was forced to accept a multinational consortium as the structure of the satellite organization. This change resulted not from the State Department's lack of support for Comsat's approach but from European input. While rejecting the "withinputs" of the State Department, Comsat was forced to adjust its position in light of European input. Following this event, Comsat and the United States government developed a more unified approach to communications satellite policy.

Preparation for Formal Negotiations

After the October meeting with CETS, Comsat agreed that future negotiations would involve representatives of both

Comsat and the U.S. government. Beginning in December, representatives of the FCC and State Department began to assist Comsat in drafting a new statement of principles for the establishment of the system.

Comsat's decision to accept greater participation of the U.S. government was based in part on the very successful approach taken by the United States at the October 1963 Extraordinary Administrative Radio Conference on Space Communications of the ITU. The American delegation was chaired by Joseph McConnell, president of Reynolds Metals, and included representatiyes of the FCC, State Department, NASA, USIA, and Comsat. This was a highly charged meeting involving "very tricky political issues," but the conference substantially adopted the U.S. proposals for definitive allocations of frequencies for communications satellites.[78] Charyk and Leonard Marks of Comsat participated as part of the team and saw the success of including government representatives in the negotiation of political issues.

Following the October Comsat-CETS meeting, CETS invited AT&T to a meeting on communications satellites in January of 1964. On December 4, 1963, Jerome Wiesner, E. William Henry, and Abram Chayes met to discuss "the possibility of obtaining overt AT&T support" for Comsat at the January CETS meeting.[79] As a result of the December 4th meeting, Wiesner and George Ball, Under Secretary of State, met with F. R. Kappel, chairman of the board of AT&T. Kappel agreed that at the meeting with CETS, AT&T would declare its intention to utilize the system proposed by Comsat.[80]

In the fall of 1963 AT&T had announced that it intended to lay another transatlantic cable. Europeans had expressed concern over whether AT&T would use the satellite system, and this concern had reached the United States government and Comsat.[81] Thus, overt AT&T support of the satellite system was intended to allay fears that AT&T, the system's projected largest user, would not use the system.

On December 20, Comsat announced that it was requesting proposals for the design of the system. Thus far the talks had been merely exchanges of viewpoints, and no commitments had been made. Comsat's announcement made it apparent to the Europeans that the United States was proceeding on its own. Further, it became apparent to the Europeans that if they delayed negotiations, they would have no voice in hardware choices (and possible hardware contracts for their industries).

At the meetings with CETS on January 13-14 at Karlsruhe, West Germany, Comsat officials reinforced their desire to choose system hardware regardless of the status of the negotiations with the Europeans. At Karlsruhe, Comsat announced a timetable including

> Entering into design contracts with American [emphasis added] firms for the basic system--February 1964.
> [Making a] decision relating to the various lines of the basic system to be pursued--September 1964.[82]

In addition to a presentation by AT&T representatives (stating that AT&T would use the system), the American delegation, composed of representatives of the FCC, State Department, and Comsat, urged that the negotiations for the establishment

of the system be concluded in the "next few months. . . ."[83] Formal negotiations on the establishment of the system were scheduled for early February in Rome.

As mentioned above, representatives of the FCC and State Department assisted Comsat in December 1963 in drafting a new statement of principles for the establishment of the satellite system. During the drafting there was a consensus that Comsat manage the system, and that investment in the system be proportionate to share of international telecommunications traffic. In addition, there would be a multilateral Interim Communications Satellite Committee, in which participants would vote on important policy matters according to their investment. These measures were designed to assure the United States "clout" so that the system's implementation would not be delayed.[84]

On December 23, 1963, Chayes distributed the draft to members of the Katzenbach Committee and requested comments. The comments of the FCC reveal a government agency's conception of Comsat as a representative of the U.S. government.

The FCC thought the draft raised basic policy questions regarding the relationship between U.S. government agencies, Comsat, and the Interim Committee.[85] Areas such as rate-making, procurement, and approval of financing, in which the Commission is required to take regulatory action under the Communications Satellite Act, were also subject to action by the Interim Committee under the terms of the draft. The agreement might supersede the Communications Satellite Act, the FCC postulated, but if this were the case, the Commission must be assured that

the United States spokesman on the Interim Committee, Comsat, "be instructed to reflect the views of the United States Government and its agencies in those areas so requiring."[86] To bring this about, the Commission proposed that "governmental powers entrusted to the Committee will be exercised by all parties at the direction of the governments concerned."[87] If, for example, the Committee determined the structure of rates, as the draft envisioned, the Commission "would be severely handicapped in carrying out its obligations. . . ."[88] Thus, it must be certain that any Comsat position on rates at the Interim Committee, conform to the Commission's position.

At a meeting of the Katzenbach Committee on January 30, 1964, the draft was discussed, and Chayes stated that "it may well be inevitable that the U.S. loses some of its ability to control matters if there is 'internationalization.'"[89] Chayes also stated that the draft represented merely an attempt "to develop a consensus. . . ."[90] Though the United States delegation to the Rome conference would not table the draft, many of its provisions would be explored with the Europeans.

At this point, a close relationship between Comsat and government agencies, particularly the State Department and the FCC, had been established and there was consensus on the broad outlines of policy.

The Rome Conference

Prior to the Rome conference with CETS, a team composed of FCC staff member Richard Colino, Comsat vice president

John Johnson, and William G. Carter of the State Department, travelled to Bonn, Paris, London, and Rome to brief American Embassy personnel on the American position on communications satellites. The team also met with telecommunications officials in each capital.

At each meeting the Americans stressed the need to conclude the agreements quickly and that the Rome conference should focus on "interim arrangements rather than on permanent organization."[91] The problem of procurement which Carter had noted during his November 1962 European trip reappeared during the meetings with the French and the Italians.

Mr. Marette of the French Post, Telegraph, and Telephone Ministry told the Americans on February 5 that France "viewed communications satellites as a means to further develop and, in fact catch up with the leaders in the space field." A major French concern was "over participation by French industry in the supply of items for the satellite system."[92] Marette indicated that if French industry was not permitted to profit technologically by production of system components, "capital investment and attendant participation in management would lose much of their significance."[93]

While meeting with officials of the French Foreign Office also on February 5, the American team learned that the French viewed communications satellites as a matter of "national interest" and not merely as a commercial telecommunications venture. Mr. de la Grandville of the Foreign Office reiterated France's desire to close the technology gap through participation

in the production of hardware. Johnson of Comsat responded that the high cost of French-produced hardware for the system would prohibit the system from competing with intercontinental cables. Hence, high French costs would not be subsidized by the satellite organization.

Colino, Johnson, and Carter, along with Welch and Charyk, met with Abram Chayes in Rome on February 9 to review the United States position and to discuss procedures for the negotiations. At these negotiations, unlike at the first discussions conducted by Comsat, the United States was represented by both Comsat and government representatives.

Ambassador Egidio Ortona, Director General for Economic Affairs of the Italian Ministry of Foreign Affairs and chairman of CETS, opened the Rome Conference on February 10 by reading a CETS policy statement. CETS proposed that the framework for the satellite organization guarantee "that all the participating countries. . . will be able to. . . have an adequate voice in the management of the system, which should be owned and managed by a world organisation."[94]

CETS proposed that a General Conference in which each participating country was represented be established to determine general policy. Each country in the General Conference would have one vote "in principle." However, on "certain questions . . . voting should be weighted according to each country or group of countries' share in the capital investment. . . ."[95] CETS also proposed that a Board of Management, responsible for day-to-day management of the system, would operate under the

guidance of the General Conference. Membership on the Board would be limited to those countries that met a minimum investment quota.

"The Europeans should be placed in a position to provide equipment for the global system," Ortona also stated, "in proportion to. . . capital contribution."[96] CETS recognized that European space technology was inferior to that of the United States, but urged that

> European industry should be granted particular consideration in the initial stages and helped along so as to enable her to play soon a full and satisfactory role in the system.[97]

Abram Chayes began the presentation of the United States delegation stating that though an organization such as that proposed by the Europeans might ultimately be necessary, "the present focus should be on interim arrangements. . . ."[98] Leo Welch of Comsat stated that the United States would not permit the negotiations to delay the system's establishment. Welch announced that Comsat was issuing a stock prospectus for $200,000,000 within a month and that "this would provide sufficient capital to establish a global system."[99] It was clear that Comsat would establish a global system regardless of European investment or the status of the negotiations.

Without tabling the draft interim agreement, Chayes presented its major provisions. First, an Interim Communications Satellite Committee would be set up as a management board on which each country's designated telecommunications entity would vote in proportion to its investment. Secondly, the day-to-day

management would be entrusted to Comsat. Also, equipment for the system would be supplied on a competitive basis.[100] These provisions were designed to assure the United States the influence it needed to make the system operational as soon as possible.

On February 11, at the request of the Europeans, the United States delegation elaborated on the American position. Chayes and Charyk discussed briefly the responsibilities of Comsat as manager and reported that the United States anticipated having seventy percent of the votes in the Interim Committee. Thus, the United States was proposing not only that Comsat act as day-to-day manager, but also that the Interim Committee, responsible for policy matters, be dominated by the United States. Chayes, however, refused to go into great detail on the U.S. draft, stating that further elaboration would be forthcoming once the Europeans agreed to "start negotiations . . . along the lines outlined."[101]

Ambassador Ortona expressed the Europeans' concern that they be assured an equal voice with the United States in the Interim Committee. Chayes responded that the interim agreement must acknowledge a fact: U.S. technological leadership. He indicated that as the system expanded, the majority position of the United States would decrease and Comsat would prepare for "greater international management of the system."[102] But for the present at least the United States expected Comsat to manage the system and to have a majority of votes in the Interim Committee.

On February 12, Ortona tabled an informal document declaring that future negotiations must "secure proper influence by European countries at all stages during the establishment" of the system and that European interests must be safeguarded if Comsat were to manage the system.[103] Chayes responded that European participation in "decision making" could take place only after the conclusion of an interim agreement containing firm commitments with respect to investment. . . ."[104] The conference delegates then agreed that the Europeans would send a group to Washington by March 15 to negotiate the specifics of the interim agreement.

When the Rome conference concluded on February 15, the Europeans had agreed to the position presented by the United States that an Interim Committee would be established and that Comsat would manage the system on behalf of all participants. The United States delegation had been faced with input from the Europeans very different from its own proposal. Yet in the face of this input the Americans had adhered to a policy of American leadership of the satellite organization, intended to achieve their goal of a space first.

Despite the European agreement on Comsat as manager and on the establishment of the Interim Committee, there was considerable disagreement on the duration of the interim agreement, distribution of ownership quotas, voting structure, and procurement. Carter stated that these areas were "the difficult ones to negotiate."[105]

The First London Conference

Prior to the scheduled arrival of the CETS delegation in Washington, Chayes wrote to Ortona on March 5, 1964 that the United States wanted to delay the negotiations. Though the delay was to give the United States more time "to coordinate policy,"[106] it created a "very bad impression" with the Europeans. They felt that the "intention of the U.S. was to postpone European participation until after basic decisions involving" the initial system's hardware had been made by the United States.[107] The announcement by Comsat on March 19 that it had contracted with the Hughes Aircraft Co. for the design, manufacture, and testing of two synchronous orbit communication satellites did nothing to alleviate the suspicions of the Europeans.

The United States government did not influence Comsat's selection of Hughes as contractor, but the timing of this announcement was closely tied to the United States negotiating strategy. Chayes states, "We wanted to demonstrate to the Europeans that their refusal to agree would not hold up the system. This had the effect of stimulating the Europeans and got them to not hang back and stall."[108]

Ortona responded to Chayes' March 5 letter stating that the members of CETS "feel obliged to stress that the conclusion of an early agreement involving the Europeans is fundamental to the success of the whole project."[109] Ortona also stated that the Europeans acknowledged the technological superiority of the United States, but that a viable communications satellite

system could not be established without European cooperation, which they were prepared to withhold if their minimum desires were not satisfied.[110]

From March 9 to 13, Welch, Charyk and representatives of the Department of Defense visited London, Paris, Bonn and Rome to discuss an agreement Comsat and the Department of Defense were negotiating for use of the satellite system by the U.S. military.[111] This visit was interpreted by the smaller European countries as an attempt to divide CETS. At the CETS Committee of Deputies meeting in London on March 13 and 14, representatives of Austria, Belgium, Denmark, Norway, the Netherlands, Sweden and Switzerland issued a common declaration.

The declaration stated that the principal object of the interim arrangement should be "the organisation of an inter-governmental directing Committee responsible for deciding . . . general principles" which would govern the system's operations.[112] Since Comsat was going to be responsible for day-to-day management,

> it cannot be a valid spokesman replacing the representatives of the American administration. . . . There is no doubt that COMSAT will have many contacts with European communications administrations. . . . But these are discussions which must take place after the conclusion and within the framework of. . . an inter-governmental agreement. . . .[113]

The State Department, according to Chayes and Carter, predicted to Comsat officials that the Europeans would not react favorably to the Comsat-Department of Defense proposal. Comsat refused the advice of the State Department, as it had done during its initial bilateral approaches to the Europeans.[114]

Nevertheless, the European response to the Comsat-DOD visit had a positive outcome. On March 27, CETS and the United States agreed that the next formal negotiations would occur in London from April 6 through 8. In preparing for this conference, representatives of the FCC, State Department and Comsat agreed for the first time that an intergovernmental agreement, as proposed by the Europeans, would be necessary to successfully conclude the negotiations. This mutually agreed policy decision was in large part a response to the European input. The State Department and the FCC collaborated with Comsat on a draft[115] dated April 2 which provided that governments which signed the agreement and contributed a yet-to-be-negotiated share of capital would designate their telecommunications entities to represent them on the Interim Committee.[116] Like earlier United States drafts, it provided that voting on the Committee would be proportionate to capital contributions, and Comsat would be the system's manager.[117]

CETS also prepared a draft interim intergovernmental agreement which was distributed to the United States delegation prior to the London conference. Two points in the European draft concerned the United States delegation. First, Comsat was not appointed the system's manager and secondly, procurement was to be distributed to all participants in proportion to their capital investment.

At the London conference, the United States delegation proposed for the first time that the interim arrangements be concluded in the form of two agreements. The first would be

"an intergovernmental agreement containing such fundamental matters as the broad principles which underlie the system, establishing the committee, and recognizing the need for arrangements to succeed the interim agreement."[118] The second "would be a more detailed document and would deal with matters which are appropriate for communications entities to consider. . .," such as financial arrangements for use of the system.[119]

Also at the conference, the United States delegation again stated that voting in the Interim Committee would be in proportion to investment. Since the United States planned to contribute a majority of the capital, Comsat would have an absolute majority. The Europeans considered this unacceptable and responded that any action by Comsat must have the concurrence of at least one or more members of the Interim Committee. Only on certain extraordinary questions, the United States delegation indicated, would it be willing to have decisions taken "by something other than a simple majority."[120]

The European delegates accepted the U.S. proposal for a two-document agreement, but there was still disagreement on the duration of the interim agreements, voting structure, distribution of ownership quotas, and procurement policies. Following the London conference "a period of rather intense drafting activity began."[121]

The State Department had recognized the need for an intergovernmental agreement since Carter's trip to Europe in November 1962, and Comsat was gradually brought to agree for several

reasons. First, exposure of Comsat officials to foreign ministry officials who stressed the important foreign policy aspects of the satellite system lead Comsat officials to realize that the negotiations were not ninety-five percent telecommunications issues. Second, the European input of March 1964 demonstrated that the intergovernmental approach was an important issue that could prolong the negotiations and delay the establishment of the system. Third, the two-document approach defined areas of concern for telecommunications entities on the one hand and governments on the other.[122] The two-document approach was adopted by the United States because it would facilitate the negotiations, hastening implementation of the system. Other proposals, such as the one preventing Comsat from serving as manager, were resisted because they were likely to dilute American control of the system.

Drafting the Agreements

As a result of the London conference, CETS proposed that a negotiating session designed to produce final draft agreements occur on or about May 11, 1964. CETS proposed that the formal agreement and signing of the documents take place in June.

Comsat, however, preferred to delay the next meeting with CETS until May 25. Comsat was planning to file a Registration Statement and Prospectus for the initial stock offering in April, with an effective date of May 25. The Comsat officials,

therefore, preferred not to negotiate with CETS before May 25, since they believed that negotiations would require amendment of the Prospectus and delay its effective date.[123] This would be the case particularly if agreement was reached with the Europeans, as the Prospectus would have to be completely redrafted to reflect the agreements.[124]

The FCC questioned Comsat's reasons for delaying further negotiations with CETS. On April 14, 1964, Richard Colino of the FCC's Office of Satellite Communications discussed this matter with John Johnson, Comsat vice president. Colino pointed out that if negotiations were delayed until May 25, there "would be greater pressure to negotiate and sign documents than if the session were to begin May 11."[125]

Also on April 14, Colino discussed with officials of the Securities and Exchange Commission what effect Comsat-CETS negotiations, begun on the effective date, would have on the Prospectus. SEC officials responded that any amendments to the Prospectus resulting from negotiations begun on or immediately after the effective date would require "close scrutiny by SEC staff."[126] However, negotiations begun before the effective date and resulting in amendments to the Prospectus would not delay its effective date, providing that the amendments were filed with the SEC one week before the effective date.[127]

Comsat's board of incorporators, whose prime task was to issue the initial stock offering, was insistent that the corporation not be involved in any negotiations until the Prospectus became effective, and passed a resolution to that effect.[128]

This delay was not tied to the United States negotiating strategy and caused embarrassment to the United States government.[129] Further difficulty was encountered when Comsat officials changed their minds about drafting and negotiating sessions scheduled for May 25, stating that they would accept only a drafting session occurring this close to the date of the Prospectus. A separate negotiating session, Comsat argued, would have to be scheduled for mid-June. These actions led the U.S. government to "encounter difficulties with foreign governments."[130]

Though Comsat had accepted the team approach involving representatives of the U.S. government, Carter states that there was "constant jockeying going on as to who was on top."[131] An incident which occurred at this time illustrates this fact. One of the sources of contention between Comsat and the government agencies which were part of the American delegation was who was head of the delegation. Chayes and Carter worked out the position that because communications satellites involved a national commitment, the head of the delegation would be a government representative. However, the spokesman for the United States delegation would shift according to the subject matter of the discussions and negotiations. A few days before the May 25 drafting sessions, Welch contacted Chayes and stated that if John Johnson, a Comsat vice president, was not the head of the delegation, Comsat would not attend the sessions. Chayes contacted Katzenbach, and they agreed that a government official must head the delegation. Further, if Comsat would

not attend the sessions, neither would the United States government. Chayes, Carter, and several other State Department officials then drafted a note commenting on the Prospectus to the Securities and Exchange Commission. The note stated that negotiations had stopped at the choice of Comsat, and that there was no prospect of successfully reaching agreement with the Europeans. Katzenbach approved this note and contacted Welch about it. Comsat then agreed that a government representative would head the delegation at the London drafting sessions.[132]

In preparation for the drafting session scheduled for May 25-29 in London, representatives of the FCC, State Department, and Comsat met and produced a document that incorporated the principles presented by the United States at the first London conference. In brief, these were: 1) establishment of an Interim Committee, 2) voting determined by investment (which in turn was based on a country's share of international communication), and 3) Comsat as the system's manager. The Europeans also prepared a draft, and the two documents were compared at the meetings in London beginning on May 25.

A joint United States-European draft which included "agreed language" for points on which there was no substantial difference was produced at the London meetings.[133] Since at Comsat's insistence these meetings were merely drafting and not negotiating sessions, there was still substantial difference on the duration of the interim agreements, distribution of ownership quotas, and the voting structure. The joint draft incorporated the "alternative proposals" on these issues in "a single format"

for discussion "at a later negotiating conference,"[134] which was scheduled to take place in London in June.

After the London drafting sessions, Abram Chayes distributed copies of the joint draft to government agencies and requested their comments. A consensus then developed that the United States control of voting in the Interim Committee should not be less than fifty percent and should preferably be as high as sixty-five percent.[135]

The basis for the high American quota data was produced by a meeting of telecommunications traffic experts held in Montreal on April 27-29.[136] At this meeting, traffic statistics based on ITU projections for 1968 were used to determine the distribution of international telecommunications traffic. The distribution of traffic was then used in further negotiations to determine each country's investment. Use of the traffic data to determine investment was clearly to the advantage of the United States because the data was biased in favor of countries with large investments in existing international communication facilities. Countries which might have larger shares of international communication due to communication satellites would have less influence in the Interim Committee than their actual use of the system would warrant.

Negotiations with the Europeans resumed in London on June 12. However, on June 13 the negotiations were recessed while the American delegation went to Geneva to meet with representatives of the Soviet Union. The Soviets, who were several years behind the United States in communications satellite technology,

stated that they were not interested in participating in this "American-inspired" organization.[137] The London negotiations were reopened on June 18, and the issues of the duration of the interim agreements and distribution of ownership were resolved.

Article IX of the Draft Agreement provided that the proposed Interim Communications Satellite Committee would submit a report to all parties by January 1, 1969 containing

> the Committee's recommendations concerning the definitive arrangements for an international global system which shall supersede the interim arrangements established by this Agreement. This report, which shall be fully representative of all shades of opinion, shall consider, among other things, whether the interim arrangements should be continued on a permanent basis or whether a permanent international organization with a General Conference and an international administrative and technical staff should be established.[138]

This provision assured Comsat five years experience as manager and also assured the Europeans of improving their position in the Definitive Agreements to be negotiated when they would have closed the technology gap. Carter states that the idea of interim agreements was crucial to rapid establishment of the satellite organization. Without this provision, he believes, it probably would have taken until 1971 to negotiate agreements for the organization.[139] Another crucial aspect of the provision was that it insured American control of the system during the crucial stages.

The matter of investment quotas was resolved by providing the following distribution:[140]

List of Prospective Signatories

State	Quota
Australia	2.75
Austria	0.2
Belgium	1.1
Canada	3.75
Denmark	0.4
France	6.1
Federal Republic of Germany	6.1
Ireland	0.35
Italy	2.2
Japan	2.0
Netherlands	1.0
Norway	0.4
Portugal	0.4
Spain	1.1
Sweden	0.7
Switzerland	2.0
United Kingdom	8.15
United States of America	61.0
Other members of CEPT	0.3

One aspect of the investment allocation which was difficult to negotiate was how new parties would accede to the Interim Agreements. Article XIII provided that any nation which was a member of the ITU could sign the Agreements within six months of their effective date.[141] The Europeans proposed that up to a certain point all new participants' shares come out of the United States' quota.[142] This "was successfully resisted" by the American delegation.[143] There would be a pro rata reduction of all quotas as new parties joined the Agreements. However, the United States' quota could be reduced only to 50.6 percent. Regardless of how many countries participated in the organization, the United States was assured of a simple majority.

At the conclusion of the conference on June 20, only one major issue, voting procedures in the Interim Committee, was

still in dispute. A draft Agreement and draft Special Agreement were produced; these contained the "agreed language" on all provisions except voting procedure, and were agreed ad referendum.

Briefly, the draft Agreement which governments would sign provided that an Interim Communications Satellite Committee be established. It would be composed of representatives from each government whose quota was not less than 1.5 percent and representatives from any two or more governments whose combined quotas totaled at least 1.5 percent. The Interim Committee would have responsibility for the establishment of general policy.[144] "Pursuant to the general policies of the Committee," Comsat was to act as manager "in the design, development, construction, establishment, operation and maintenance of the space segment."[145]

One of the highly politicized issues in the negotiations was procurement. Article XI, the procurement provisions, stated that the need to "procure the best equipment and services at the best price" would guide the consideration of any contracts.[146] The article also provided that

> when comparable in terms of quality, price and timely performance, the Committee shall also seek to insure that the contracts and major sub-contracts are so distributed that equipment is designed, developed and procured in the States whose Governments are parties to this Agreement in approximate proportion to. . . [their] respective quotas. . . .[147]

This appeared to insure that countries would be able to reap technological benefits from participation in the satellite organization. However, because the American aerospace industry

was so advanced in comparison to European industry, it was virtually certain that American firms would offer less expensive and better quality hardware than European firms. Carter, Chayes, and Colino agree that the intent of the provision was not to preserve an American market, but rather to insure that production of hardware was efficient and would not delay development of the system.[148]

Another conference to determine voting procedure was scheduled to meet in Washington in mid-July. The American delegation hoped that the issue of procurement would be resolved and the documents initialed.

The Washington Conference

Following the London conference, CETS met on June 25 and 26 to discuss the issue of voting procedure in the Interim Committee. The Europeans had proposed that on fourteen important decisions, such as earth station standards, system choice, rates, selection of contractors, and the like, a qualified majority "necessary to take action consist of the votes of the participant with the largest quota. . . [Comsat] plus an additional 15 votes. . . ."[149] In London the United States delegation had proposed that in addition to a simple majority (which Comsat would have), concurrence of two members of the Committee be required "without regard to the number of votes represented by the two additional members."[150] The European proposal would in effect provide France, West Germany, and the United Kingdom, in particular, with a veto. (These countries had quotas of

6.1, 6.1, and 8.15 percent respectively.) Without the concurrence of these countries, it would be very difficult for Comsat to have the additional votes necessary to act in the fourteen important areas.

Certain United States government officials were aware that the Europeans viewed with suspicion "the many respects" in which the Agreements provided for United States domination of the satellite organization.[151] This awareness prevented the presentation of the Comsat-Department of Defense proposal to the Europeans in July. Presentation of the proposal could have jeopardized the negotiations and delayed the establishment of the multinational communications satellite organization.

As stated earlier, Comsat and the Department of Defense had begun negotiations for use of the satellite system by the United States military. With guaranteed use by a large customer such as the U.S. military, Comsat would be assured of early profitability. In June 1964, a proposed Memorandum of Understanding between Comsat and the Department of Defense was prepared. This agreement provided that Comsat would develop a

> communications satellite space subsystem to meet the requirements of both the Government and commercial users. . . . Each satellite would contain two relay units--one for commercial use and one for U.S. Government command and control use.[152]

Shortly after the American delegation returned from London, Comsat and the Department of Defense proposed that their proposed agreement be presented to the Europeans at the Washington conference.

Chayes, on June 23, wrote to James D. O'Connell, Director of the Office of Telecommunications Management, that on "the basis of last week's meeting in London, my impression is that the proposed NCS [National Communications System]-COMSAT agreement will be very difficult to sell to the Europeans."[153] Chayes further stated that

> the integration of the NCS-COMSAT agreement with the international arrangements would require reconsideration and probably reopening of many issues that have already been resolved on terms favorable to United States and COMSAT interests. There is no question that if these issues were reopened in an effort to secure acceptance of the NCS-COMSAT agreement, they could not be settled again on such favorable terms. . . .[154]

European participation was already "diluted," Chayes states, "and telling them that only one-half of the satellite was available for commercial use would have made matters worse. This proposal was at odds with the notion that there had to be 'real' foreign participation."[155]

O'Connell then prepared a memorandum for President Johnson that incorporated Chayes' views and added that several countries would probably withdraw from the organization if the system was to be used for military purposes. This "would deal a severe blow to our claim of sponsoring a truly international system for peaceful purposes."[156] O'Connell recommended that the President not approve the Comsat-Department of Defense proposal.

Eugene Fubini, Assistant Secretary of Defense, on July 7 sent a memorandum on the draft Agreement produced at the London conference to officials at the State Department and the FCC.

The Department of Defense, Fubini stated, required that the draft Agreement be substantially altered to assure even greater control by Comsat over the management of the satellite system. "The crux of our concern," stated Fubini, "is that the Corporation [Comsat] must go to the Committee to seek decision and approvals for items which should be within the Corporate management function. . . ."[157]

After receiving Fubini's memorandum, representatives of the Department of State and the FCC met with O'Connell on July 8. At the meeting a consensus was reached that the Department of Defense recommendations for changes in the draft Agreement "were of such a nature as to make them non-negotiable with other signatories of the proposed international agreements."[158] It was further agreed that the Comsat-DOD proposal should not be introduced in the forthcoming negotiations with CETS. E. William Henry, chairman of the FCC, stated that it was in the national interest that the draft Agreement be fully approved at the Washington conference. "It is imperative," he stated, that matters such as the Comsat-DOD proposal not be introduced into the negotiations with CETS, nor "delay the conclusion of these arrangements."[159] After this meeting, with opposition to the proposal clear, the negotiations between Comsat and the Department of Defense broke down and were terminated on August 8, 1964 when Secretary of Defense McNamara announced that the Department of Defense would establish its own communications satellite system.[160]

The main items of discussion before the Plenipotentiary Conference to Establish Interim Arrangements for a Global Commercial Communications Satellite System held in Washington on July 21-24 were the different proposals for voting procedure. Negotiation of this issue, Carter stated, "was a real cliff-hanger. . . and was resolved only the day before the initialing of the agreements."[161]

Resolution of the voting procedure issue was the result of a compromise between the United States and the Europeans. The agreed language for Article V, which specifies voting procedure, states that on fourteen important areas "any decision must have the concurrence of representatives whose total votes exceed the vote of the representative with the largest vote by not less than 12.5. . . ."[162] Further, if positive action had not been taken by the Committee on system proposals within sixty days, the qualified majority was reduced to 8.5 votes above those controlled by Comsat.[163] (It should be remembered that voting was equal to ownership quota.)

A key aspect of the compromise on voting procedure was the assurance from the Europeans that they would not vote as a bloc. (Otherwise they would have a veto.) Ambassador Ortona stated that each member of CETS agreed

> that each European member should be free to act individually in matters [of] special interest to [the] country or countries concerned, and to vote accordingly even if other European members were to take opposing positions.[164]

The American delegation believed that in addition to this assurance from Ortona, there were sufficient differences among

the European countries that they would not be able to vote as a bloc.[165]

The Agreements establishing the satellite organization were agreed ad referendum and initialed (thereby "freezing" the language) by representatives of Australia, Belgium, Canada, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Japan, the Netherlands, Switzerland, the United Kingdom, the United States, and the Vatican City on July 24, 1964. On August 20, 1964 the Agreements were opened for signature by any member of the International Telecommunications Union, and the first multinational communications satellite organization was created.

Conclusion

The Communications Satellite Act and the Interim Intelsat Agreements are both expressions of American space and foreign policy goals. Comsat and Intelsat were both designed to achieve U.S. goals. Comsat's mandate to establish a global communications satellite system as expeditiously as possible was imposed upon Intelsat through American domination of that organization. While foreign countries would participate in ownership of the system, it was clearly devised in such a way that the United States could control its policies.

United States control was achieved through a combination of provisions: Comsat as manager, voting determined by investment, and investment based on a country's share of international telecommunications traffic. The successful negotiation of these

provisions was due not only to the technological monopoly of the United States, but also to the agreement on their necessity by Comsat and the United States government agencies involved in policy formation.

Comsat initially proposed an organizational model that would have given foreign participants a very limited role in management of the system. The State Department, while recognizing that the United States needed the upper hand in the system, foresaw that the Europeans would want greater participation than Comsat was offering. When faced with the European refusal to negotiate on a bilateral basis, Comsat was forced to accept a multilateral organization with somewhat greater foreign participation.

Comsat was also placed in a position of accepting greater U.S. government involvement in the negotiations. The European foreign offices asserted that the satellite system was a matter of national importance, and therefore too important to leave solely to telecommunications officials. But according to Carter, the relationship between Comsat and the government was one of "constant accommodation" of the competing interests.[166] Welch, Comsat's top executive, did not like government involvement, but he recognized that it was necessary and gradually came to accept it.[167] Though there were disagreements about "who was on top," in time the tensions between Comsat and the government diminished and a team approach evolved.[168]

The accommodation of the competing interests was facilitated by the formation of the Katzenbach Committee. This group,

chaired by a key member of the Kennedy Administration, is evidence of the importance President Kennedy placed on the successful establishment of the communications satellite system. The Committee was designed to achieve government-wide unity on communications satellite policy, and was an important political resource in the FCC's and State Department's dealings with Comsat. The Committee also functioned as a "political commissar," enabling President Kennedy to closely watch the government's relations with Comsat.

If measured by the goals set by the Communications Satellite Act, the Interim Intelsat Agreements are an American success. Their success is due in large part to the ability of Comsat and different agencies to quickly identify specific means of implementing the broad mandate of the Act. While recognizing the need for foreign participation, the American delegations also firmly adhered to principles aimed at achieving American goals. The fact that the Agreements, which involved very complex issues, were put into effect prior to the launching of the first synchronous orbit satellite for commercial use, demonstrates the ability of the American negotiating team to fashion a policy out of broad guidelines. If there had not been widespread agreement among U.S. agencies and Comsat on the value of establishing the system as quickly as possible, it seems likely that the United States would not have been able to achieve its space first.

NOTES

[1]White House Press Release, Statement of the President on Communication Satellite Policy, 24 July 1961, p. 1.

[2]Newton Minow, interview, 1 May 1975. Minow was chairman of the FCC from 1961-63. See William E. Lee, "The Federal Communications Commission and the Communications Satellite Corporation: A Question of Ownership," presented to the International Communication Division, Association for Education in Journalism, College Park, Maryland, August 1976.

[3]See Vernon Van Dyke, Pride and Power: The Rationale of the Space Program (Urbana: University of Illinois Press, 1964).

[4]John Kenneth Galbraith, The New Industrial State (Boston: Houghton Mifflin Co., 1967). Also see Lloyd D. Musolf, Mixed Enterprise: A Developmental Perspective (Lexington, Massachusetts: D.C. Heath and Co., 1972).

[5]The Intelsat definitive arrangements are discussed in Richard Colino, The INTELSAT Definitive Arrangements: Ushering in a New Era in Satellite Telecommunications (Geneva: European Broadcasting Union, 1973).

[6]U.S. Statutes at Large, 87th Cong., 2nd Sess., Vol. 76, 1962, 425, section 305 (a) (1).

[7]This study is the first of a series of papers on American involvement in Intelsat. Subsequent papers will discuss the operation of the organization whose creation is analyzed here. See generally: Jonathon Galloway, The Politics and Technology of Satellite Communications (Lexington, Massachusetts: D.C. Heath and Co., 1972); Delbert D. Smith, Communication Via Satellite: A Vision in Retrospect (Boston: A.W. Sijthoff, 1976); Joseph N. Pelton, Global Communications Satellite Policy: INTELSAT, Politics and Functionalism (Mt. Airy, Maryland: Lomond Books, 1974); and Judith Kildow, INTELSAT: Policy-maker's Dilemma (Lexington, Massachusetts: D.C. Heath and Co., 1973).

[8]Galbraith, The New Industrial State. See especially Chapter 20, "The Regulation of Aggregate Demand."

[9]David Easton, A Systems Analysis of Political Life (New York: John Wiley and Sons, 1965) and A Framework for Political Analysis (Englewood Cliffs, New Jersey: Prentice-Hall, 1965).

[10]Charles Lindblom, The Intelligence of Democracy: Decision Making Through Mutual Adjustment (New York: The Free Press, 1965) and The Policy-Making Process (Englewood Cliffs, New Jersey: Prentice Hall, 1968). Also see David Braybrooke and Charles Lindblom, A Strategy of Decision: Policy Evaluation as a Social Process (London: The Free Press of Glencoe, 1963).

[11]Id., The Intelligence of Democracy, pp. 21-22.

[12]Id., p. 24.

[13]Id., p. 26.

[14]Easton, A Framework for Political Analysis, p. 57. An allocation is authoritative "when the persons oriented to it consider that they are bound by it." At p. 50. Also see A Systems Analysis of Political Life, pp. 352-62.

[15]Id., p. 31. See pp. 31-57 for a detailed discussion of criteria for selecting the components of a system under study.

[16]This is a simplification of a more detailed diagram presented on p. 110 in Id. More complex diagrams of the following are presented in A Systems Analysis of Political Life: types of demand flow patterns (p. 74), multiple feedback loops (p. 374), and the systemic feedback loop (p. 378). The general premises upon which Easton bases systems analysis are:

1. System. It is useful to view political life as a system of behavior.
2. Environment. A system is distinguishable from the environment in which it exists and open to influences from it.
3. Response. Variations in the structures and processes within a system may usefully be interpreted as constructive efforts by members of a system to regulate or cope with stress flowing from environmental as well as internal sources.
4. Feedback. The capacity of a system to persist in the face of stress is a function of the presence and the nature of the information and other influences that return to its actors and decision-makers.

At pp. 24-25. Numbers 3 and 4 fundamentally distinguish Easton's approach from other approaches to the "study of political life that. . . interpret it as a system of behavior." At p. 25.

[17]An input can occur within a system, in which case it is a "withinput." Easton assimilates withinputs under the concept of inputs. See A Framework for Political Analysis, p. 114 and A Systems Analysis of Political Life, pp. 55-56.

[18]Easton, A Systems Analysis of Political Life, p. 38.

[19]Id., p. 159.

[20]For example, the FCC has close ties to Congress.

[21]See generally U.S. Congress, Senate, Subcommittee on Monopoly of the Select Committee on Small Business, Space Satellite Communications, parts 1 and 2, 87th Cong., 1st Sess., 1961, and the comments of Rep. Emanuel Celler, 108 Cong. Rec. p. 7507 (2 May 1962).

[22]Communications Satellite Act, Section 201 (c) (1-11). Also see U.S. Congress, Senate, Committee on Commerce, S. Rep. No. 1584, 87th Cong., 2nd Sess., (11 June 1962).

[23]Id. Section 402.

[24]Id.

[25]108 Cong. Rec. pp. 83-84 (11 January 1962).

[26]S.2814, Section 401, 108 Cong. Rec. p. 1847 (7 February 1962). For a detailed comparison of the two bills, see U.S. Congress, Senate, Committee on Aeronautical and Space Sciences, Communications Satellites: Technical, Economic, and International Developments, Staff Report, 87th Cong., 2nd Sess., 1962, pp. 277-279.

[27]Newton Minow, interview, 1 May 1975.

[28]U.S. Congress, Senate, Committee on Aeronautical and Space Sciences, S. Rep. No. 1319, 87th Cong., 2nd Sess., (April 2, 1962), p. 9.

[29]Id.

[30]108 Cong. Rec. p. 5618 (2 April 1962).

[31]108 Cong. Rec. p. 7713 (3 May 1962).

[32]108 Cong. Rec. pp. 15187-15788 (daily ed. 1 August 1962). William G. Carter, interview, 29 March 1977.

[33]Carter, interview, 29 March 1977.

[34]J.W. Fulbright to Leo D. Welch, 10 September 1973, p. 2, E. William Henry Papers, State Historical Society of Wisconsin. (Hereinafter cited as Henry Papers.) Also see U.S. Congress, Senate, Committee on Foreign Relations, Communications Satellite Act of 1962, 87th Cong., 2nd Sess., 1962.

[35]Communications Satellite Act, Section 201 (a) (4).

[36]108 Cong. Rec. p. 15874 (daily ed. 17 August 1962).

[37]Carter, interview, 29 March 1977.

[38]Id.

[39]Leonard Meaker, Deputy Legal Advisor, initially advocated a one country-one vote structure. This view was not widely shared by government officials. In Carter, interview, 29 March 1977. In the negotiations for the establishment of the global communications satellite system, three basic organizational models were possible: first, a series of bilateral agreements (similar to AT&T's cable arrangements) between foreign telecommunications entities and Comsat; second, an intergovernmental organization operating on a one country-one vote basis (similar to the specialized agencies of the United Nations); and third, a consortium arrangement with financial investment determining voting power. See Abram Chayes et al., International Legal Process Vol. 1 (New York: Little, Brown and Co., 1968), p. 660.

[40]Carter, interview, 29 March 1977.

[41]Id.

[42]Murray L. Schwartz and Joseph M. Goldsen, Foreign Participation in Communications Satellite Systems: Implications of the Communications Satellite Act of 1962, Rand Corporation, RM-3484-RC, 1963, p. 28. Other positive aspects of foreign participation in ownership and management were:

1) Foreign participation in a satellite system would bring into being the first permanent multi-national institution for operational space activities. The United States could benefit from the establishment of such a precedent for international cooperation in space operations.
2) Soviet propaganda has attempted in the past to paint the American space program as a tool of imperialism and militarism. . . . If foreign countries participate, on a global basis, in the ownership or operation of the system, the propaganda opportunities for the Soviet Union will probably be small.
3) Foreign participation in an American-sponsored system may preclude, for political or economic reasons, the establishment of a competitive Soviet system . . . .
4) The likelihood of West European nations establishing a separate system, which would "adversely affect the economic viability of the U.S. system. . . would be substantially reduced or eliminated if the European nations. . . participate in the American system as more than users.
5) Foreign participation might improve foreign competence in space and communications research, development,

and operations, thus contributing to the system itself, as well as realizing the broader objective of present NASA programs of international cooperation and exchange. At pp. 29-30.

[43]Id., p. 31.

[44]Id., p. 32.

[45]Id.

[46]Id., p. 74. The authors proposed that after the system was established, all interested countries would be able to participate. This procedure was followed.

[47]Id., p. 69.

[48]Carter, interview, 29 March 1977.

[49]Id.

[50]Id.

[51]Chayes in International Legal Process states, "The only thing Europe had was the other end of the line." At p. 661.

[52]Schwartz and Goldsen, Foreign Participation in Communications Satellite Systems, p. 30.

[53]Section 302 of the Communications Satellite Act gave the incorporators the authority to establish the corporation and arrange for the initial stock offering. After the stock had been issued the board of directors would be elected by the shareholders.

[54]U.S. Congress, Senate, Committee on Commerce, Communications Satellite Incorporators, 88th Cong., 1st Sess., 1963, p. 1. (Hereinafter cited as Senate, Incorporators, 1963.)

[55]Carter, interview, 29 March 1977.

[56]Abram Chayes, interview, 28 March 1977.

[57]Federal Communications Commission, In the matter of the Application of the Communications Satellite Corporation, released February 27, 1963, reprinted in U.S. Congress, Senate, Committee on Commerce, Satellite Communications, 88th Cong., 1st Sess., 1963, pp. 94-95. Section 201 (c) (8) of the Communications Satellite Act gave the FCC the authority to authorize Comsat to borrow funds.

[58]E. William Henry to Leo D. Welch, 24 July 1963, p. 2, Henry Papers.

[59]Leo D. Welch to Henry, 7 August 1963, p. 5, Henry Papers.

[60]Carter, interview, 29 March 1977.

[61]Richard Colino, interview, 2 March 1977. Colino was with the FCC's Office of Satellite Communications during the negotiations. He is now Vice President-International at Comsat. As both Comsat and FCC official, Colino was able to add valuable insights to this paper.

[62]Id.

[63]See Abram Chayes, "Unilateralism in the United States Satellite Communications Policy" in Edward McWhinney, ed., The International Law of Communications (Dobbs Ferry, N.Y.: Oceana Publications, 1971), pp. 42-50.

[64]Chayes, International Legal Process, p. 662.

[65]Carter, interview, 29 March 1977.

[66]In 1963 the members of CEPT were: Austria, Belgium, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

[67]Carter, interview, 29 March 1977. Colino stated that to the extent the FCC had a position at this time, it was in favor of trying the bilateral approach, which had been successful in cable arrangements.

[68]Id.

[69]Joseph V. Charyk to Nicholas Katzenbach, 17 July 1963, Henry Papers. Comsat also proposed to discuss the draft with the major United States international communications common carriers.

[70]Communications Satellite Corporation, Draft Memorandum of Understanding Relating to the Establishment and Ownership of Participation in A Global Commercial Communications Satellite System, 17 July 1963, p. 4, Henry Papers.

[71]Id., p. 6.

[72]J. William Fulbright to Leo D. Welch, 10 September 1963, Henry Papers.

[73]Id., p. 2.

[74]Communications Satellite Corporation, Statement of Principles for the Establishment of a Global Communications Satellite System, 23 September 1963, p. 5, Henry Papers.

[75]Communications Satellite Corporation, Administrative Supplement to the Statement of Principles, 23 September 1963, p. 1, Henry Papers.

[76]Colino, interview, 2 March 1977, and Carter, interview, 29 March 1977.

[77]Carter, interview, 29 March 1977.

[78]Id. This removed an important obstacle to the establishment of the initial global system. Charyk stated that Comsat could now proceed with technical investment in the system "based on some assurance that the whole thing isn't going to be upset by another look at the matter in a few years. . . ." U.S. Congress, House, Committee on Science and Astronautics, Subcommittee on Space Sciences and Applications, Hearings, NASA Authorization, 1965, 88th Cong., 2nd Sess., 1964, p. 175.

[79]Richard R. Colino, USG-CSC Relations on Matters Relating to International Arrangements, 29 May 1964, p. 2, Henry Papers. The United States Government was also invited to send representatives. Agreement was reached at the December 4th meeting that the FCC, State Department and Comsat would represent the United States. E. William Henry to G. Griffith Johnson, 17 December 1963, Henry Papers.

[80]Colino, 29 May 1964, p. 2.

[81]Colino, interview, 2 March 1977.

[82]CEPT Ad Hoc Committee Karlsruhe Meeting Report, 20 January 1964, Annex 1, Henry Papers.

[83]Id., p. 2.

[84]Colino, interview, 2 March 1977.

[85]Federal Communications Commission, Comments and Suggestions on the Draft Interim Agreement for the Establishment and Operation of an Interim System of Satellite Communications, 15 January 1964, p. 1, Henry Papers.

[86]Id., p. 2.

[87]Id.

[88]Id., p. 4.

[89]Draft Summary of the Meeting of the Ad Hoc Committee on Communications Satellites, 30 January 1964, p. 4, Henry Papers.

[90]Id., p. 1. Kenneth Hansen of the Bureau of the Budget called the draft an "embryonic executive agreement." At p. 2.

[91]Richard R. Colino, Memorandum for the Files on Recent Trip to Bonn, Paris, London, Rome, 6 March 1964, p. 1.

[92]Id., p. 2.

[93]Id.

[94]Quoted in Id., p. 6.

[95]Id.

[96]Id., p. 7.

[97]Id.

[98]Quoted in Id., p. 8.

[99]Id., p. 9.

[100]Id., p. 10.

[101]Id., p. 14.

[102]Id., p. 15.

[103]Discussions Between European Countries, U.S. and Canada. Summary of Position Reached, 11 February 1964, p. 2, Henry Papers.

[104]Colino, Memorandum, 6 March 1964, p. 18.

[105]U.S. Congress, House, Committee on Government Operations, Military Operations Subcommittee, Satellite Communications, 1964 part 2, 88th Cong., 2nd Sess., p. 662. (Hereinafter cited as House, Satellite Communications, 1964 part 2.)

[106]Chayes, interview, 28 March 1977.

[107]Memorandum of Conversation between Maarten Mourik and W.G. Carter, 26 March 1964, Henry Papers.

[108]Chayes, interview, 28 March 1977.

[109]Quoted in Memorandum of Conversation, 26 March 1964, p. 2.

[110]Id.

[111]The proposal originated in a letter from Secretary of Defense McNamara to Comsat on October 11, 1963. McNamara was

acting as agent for the National Communications System.

[112]Common Declaration by the Delegations of Austria, Belgium, Denmark, Norway, the Netherlands, Sweden and Switzerland, 13 March 1964, p. 2, Henry Papers.

[113]Id.

[114]Chayes, interview, 28 March 1977, and Carter, interview, 29 March 1977.

[115]U.S. Congress, House, Committee on Government Operations, Military Operations Subcommittee, Satellite Communications, 1964 part 1, 88th Cong., 2nd Sess., p. 345. (Hereinafter cited as House, Satellite Communications, 1964 part.)

[116]Revised Tentative Draft Interim Agreement, 2 April 1964, p. 2, Henry Papers.

[117]Id., p. 4.

[118]Position Paper for the United States and the European Conference on Satellite Communications, 2 April 1964, p. 2, Henry Papers.

[119]Id. Carter stated that the United States decided to present the two-document approach in "an effort to try to define a whole area in which the concerns were predominantly if not exclusively those of Comsat Corp." House, Satellite Communications, 1964 part 2, p. 664.

[120]Position Paper, 2 April 1964, p. 3.

[121]House, Satellite Communications, 1964 part 2, p. 665.

[122]See n. 119 supra.

[123]Richard R. Colino to Bernard Strassburg, Inter-Office Memorandum on Problem of Future Discussion and Negotiation by USG-CSC with other countries, 15 April 1964, p. 2, Henry Papers.

[124]Chayes, interview, 28 March 1977.

[125]Inter-Office Memorandum, 15 April 1964, p. 2.

[126]Id, p. 3.

[127]Colino, Memorandum, 29 May 1964, p. 4, Henry Papers.

[128]Id.

[129]Id.

[130]Id, p. 5.

[131]Carter, interview, 29 March 1977.

[132]Id.

[133]House, Satellite Communications, 1964 part 2, p. 665.

[134]Id. The United States delegation to the drafting session included representatives of Comsat, the FCC, and Department of State.

[135]E. William Henry to Abram Chayes, 10 June 1964, p. 2. Also, Memorandum of Conversation between Leo D. Welch and Ralph A. Dungan, 3 June 1964, Henry Papers.

[136]The United States delegation was chaired by Asher Ende of the FCC. Other countries which sent representatives were: Australia, Belgium, Canada, France, West Germany, Italy, Japan, Norway, Portugal, Sweden, Switzerland, and the United Kingdom. Asher H. Ende to Dean Rusk, 18 May 1964, Henry Papers.

[137]In February 1963 the American Embassy in Moscow delivered a note to Soviet officials suggesting that exploratory discussions on a commercial communications satellite be held between representatives of the United States and the Soviet Union. Six weeks later the Soviets replied that such a meeting was premature. Following the February Rome conference, Vladimir Zorov, Third Secretary of the Soviet Embassy in Washington, contacted Charyk of Comsat on March 26, 1964. Zorov suggested that informal discussions on communications satellites between the two countries be held. In Memorandum of Conversation between Joseph Charyk and Vladimir Zorov, 27 March 1964, Henry Papers. Meetings were then scheduled for mid-June in Geneva. At the Geneva meetings held on June 15 and 16, the Russians stated, "This is an American or U.S.-inspired experimental program which you are embarking on. We are not really very interested at this time." House, Satellite Communications, 1964 part 2, p. 666.

[138]Draft Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System, 23 June 1964, Article IX (a), Henry Papers.

[139]Carter, interview, 29 March 1977.

[140]Annex, Draft Special Agreement, 23 June 1964, Henry Papers. Ownership quotas referred solely to the space segment of the system. Ground stations were to be owned by each country.

[141]Draft Agreement, 23 June 1964, Article XIII (a).

[142]House, Satellite Communications, 1964 part 2, p. 667.

[143]Id. There was consensus among the American delegation on this. Carter, interview, 29 March 1977.

[144]Draft Agreement, 23 June 1964, Article IV (a).

[145]Id., Article VIII.

[146]Id., Article XI.

[147]Id.

[148]Carter, interview, 29 March 1977; Chayes, interview, 28 March 1977; and Colino, interview, 2 March 1977.

[149]Position Paper for the U.S. Delegation to the Plenipotentiary Conference to Establish Interim Arrangements for a Global System of Commercial Satellite Communication, 21 July 1964, p. 2, Henry Papers. The language proposed by the Europeans at London in June stated that decisions on the important matters must "have the concurrence of representatives whose total votes exceed the vote of the representative with the largest vote by not less than 15. . . ." Draft Agreement, 23 June 1964, Article V (c) European proposal.

[150]Position Paper, 21 July 1964, p. 2. CETS sent a memorandum to Comsat following the June 25-26 conference, stating that European solidarity should not be taken as meaning that Europe would act as a bloc in the Interim Committee "in antagonism to other members." The memorandum also stated that CETS still considered the European proposal on the qualified majority "just and reasonable," while the American proposal was "not acceptable." Department of State Telegram from American Embassy, Rome, 27 June 1964, Henry Papers.

[151]Abram Chayes to James D. O'Connell, 23 June 1964, Henry Papers.

[152]James D. O'Connell, Memorandum for President Lyndon B. Johnson, 29 June 1964, p. 1, Henry Papers. Rep. Chet Holifield, chairman of the Military Operations Subcommittee of the House Committee on Government Operations, wrote to President Johnson on May 13, 1964, opposing the Comsat-DOD proposal. Holifield believed the government should establish its own system. In Chet Holifield to Lyndon B. Johnson, 13 May 1964, Henry Papers.

[153]Chayes to O'Connell, 23 June 1964.

[154]Id.

[155]Chayes, interview, 28 March 1977.

[156]Memorandum for President Johnson, 29 June 1964, p. 3.

[157]Eugene Fubini, DOD Comments on Draft International Agreements, 7 July 1964, p. 11, Henry Papers.

[158]James D. O'Connell to Robert S. McNamara, 10 July 1964, Henry Papers.

[159]E. William Henry to James D. O'Connell, 8 July 1964, Henry Papers. Llewellyn E. Thompson, Acting Deputy Under Secretary for Political Affairs, Department of State, wrote to O'Connell, "Many countries would find it impossible politically to participate in a commercial system one component of which was reserved exclusively for the United States National Communication System." Thompson to O'Connell, 10 July 1964, p. 2, Henry Papers.

[160]On July 16, however, Charyk proposed that a new provision be added to the draft Agreement. The provision stated, "The Committee may decide by a majority of 75% of the votes cast . . . in undertaking an addition or modification of the space segment which is designed to meet both commercial needs and the unique governmental needs [emphasis added] of any of the Parties to this Agreement. . . ." On July 17 a meeting to discuss this provision was held in the office of G. Griffith Johnson, Assistant Secretary of State, with representatives of Comsat, the FCC, and State Department present. Charyk stated that this was not an attempt to revive the Comsat-Department of Defense agreement but that "it was merely designed to keep open as a future option the possibility of the United States or any other participant to satisfy unique governmental needs. . . ." During the discussion it became clear that Comsat's Board of Directors was requiring that Comsat's executives attempt "to keep open for the future the possibility of some type of COMSAT-DOD arrangement." The general feeling at this meeting was that the proposal had little chance of acceptance by CETS. Memorandum: Meeting with State Department and Comsat concerning Comsat Proposal, 17 July 1964, pp. 1-2, Henry Papers.

[161]House Satellite Communications, 1964 part 2, p. 668.

[162]Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System, 24 July 1964, Article V (c). The Agreements appear in House Satellite Communications, 1964 part 2, at pp. 775-86.

[163]Id., Article V (d).

[164]Department of State Telegram, 27 June 1964.

[165]Carter, interview, 29 March 1977.

[166]Id.

[167]Carter, interview, 29 March 1977.

[168]Id.